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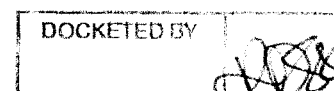
Arizona Corporation Commission

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JUN 10 2011

CERTIFIED MAIL

Pamela Walsma
Shadle and Walsma, PLC
833 E. Plaza Circle, Suite 200
Yuma, AZ 85365-2017
Prescott, AZ 86302



RE: W.M. Wootton/Desert Valencia Water System- Application for a Transfer of its Certificate of Convenience and Necessity ("CC&N") to Desert Valencia Water Company, Inc. - Docket No. W-02059A-11-0172 & W-20801A-11-0172

INSUFFICIENCY LETTER

Dear Ms. Walsma:

The above-referenced application of W.M. Wootton/Desert Valencia Water System ("Applicant" or "Company"), has not met sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C."). In order to process your application, the ACC Staff needs the following information:

1. The application indicates there are 11 active service connections, yet there are 18 current customers. The 2010 Annual Report indicates there are 12 active hookups and 8 standby. Please specify how many actual customers are currently provided water including the number of people in each household, the nature of water service provided, i.e., residential, commercial, etc., and the type of water provided, i.e., potable or unpotable.
2. According to the application, \$35.00 is currently charged for each active service, and \$10.00 a month for each standby service. The Company's ACC approved tariff does not allow for a flat fee, and there is no standby tariff approved. The approved tariff is attached for your information. Please describe the discrepancy in the rates charged.

3. The 2010 Annual Report indicates that there are only unmetered revenues received. If the service connections are not metered, please explain why there are no meters, especially since the approved tariffs only allow charging per metered customer (5/8 x 3/4 inch meter).
4. Please identify the individual(s) that will be responsible for operating the water system if the transfer is approved? What experience do these individual(s) have in operating a water system?
5. What benefits will accrue to the customers if the proposed transfer takes place?
6. Are there any system deficiencies that the transferee intends to correct if the transfer is approved?
7. If the transferee has been operating the system, what improvements have already been made to improve service?
8. Is routine water testing being performed to ensure that safe water is being delivered to customers? If not, why not?
9. The Company's 2010 Annual Report estimates that 16 acre feet of water was purchased during 2010 from Wellton Mohawk Irrigation District ("WMID"). What is the maximum amount of water available to the Company from WMID?

Staff would like to use this opportunity to bring the following to your attention:

- Pursuant to the A.A.C. R-14-2-411(C), upon meeting sufficiency requirements, the Commission has 150 days for its substantive review. This includes conducting a hearing and preparing an Opinion and Order to present to the Commission at an Open Meeting; and
- Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency.

Pamela Walsma
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If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0818.

Sincerely,

A handwritten signature in cursive script that reads "Vicki Wallace". The signature is written in dark ink and is positioned above the printed name and title.

Vicki Wallace
Executive Consultant

Cc: Docket Control
Del Smith
Barbara Wells/Lori Miller
Trish Meeter
Lyn Farmer